

FAQs 2011

1. I know that the management cafeteria plan is going away at the end of 2012. Will the City grant an extension to employees who are about to retire under PERA to increase their Highest Average Salary?

When the policy terminating the cafeteria plan was written, a six-year run-out period was granted in order for employees to examine the impact this would have on their budgets and retirement, and to allow a generous amount of time for planning. The timeline will not be extended. However, the PERA highest average salary is based upon the years of highest wages in your entire career, not just your final few years. The elimination of the cafeteria dollars will have an impact, but it may not be as large as perceived. We recommend that you speak with a PERA representative about your retirement calculation and options.

2. Services were much cheaper when I was with Kaiser. Is there consideration of returning to Kaiser health insurance coverage?

Yes, services were cheaper under the Kaiser program, and also under the \$0 deductible United Healthcare plan. However, those types of plans are extremely expensive to offer, and the city can no longer sustainably offer this type of health insurance plan. Another reason the city has moved away from HMO plans, is that they shield members from understanding the actual cost of the services they use. In many instances, knowing that there are lower cost alternatives for the same care and quality allows the members to choose a lower cost option, which results in overall lower plan costs over the long term, which ultimately benefits premium costs for employees and the city.

For the reasons discussed in the **2009 FAQ** (*provide a link to that FAQ here), the city's goal is to offer a good healthcare program. With a single carrier, the city is better able to focus on providing the best possible services in a cost-effective manner, to all employees. Kaiser remains unable to meet the city's data needs, funding needs, and does not currently offer comprehensive enough locations for our employee population to use easily to be the sole provider of care for our employees. We will continue to look at Kaiser's growth and changes for possible re-consideration in the future.

3. I read that the city will be offering premium discounts on healthcare for wellness participation. What does this mean for me? When will we have more details?

More details about this connection between the healthcare and wellness programs is anticipated in Summer 2012. At this time, it is expected that the health insurance incentive for participating in the wellness program for employees would be effective beginning with pay period 1 of 2013. Some employees will still be paying \$0 toward their healthcare in 2013, and so will receive some other incentive for participation in the wellness program.

4. How can I determine the changes in my share of the premium cost from 2011 to 2012?

The easiest way to compare years is to compare your 2011 rate sheet against the new one for 2012. This will show you the monthly impact of the premium increases this year. Please visit the benefits website for the current and previous year rate sheets. www.bouldercolorado.gov/benefits

5. Why is the city no longer automatically enrolling employees in healthcare coverage under the Medical Insurance Policy?

The Medical Insurance Policy was written in 2005 and 2006. This was at a time when we had many employees receiving cash from the cafeteria plan, and not purchasing coverage for themselves. It benefits the entire organization and community to have employees who are healthy, financially stable and productive. It is also helpful to the city's premium rates if we have more participants over which to spread the health risks. At the time the policy was written, it made sense to automatically enroll anyone who didn't submit an enrollment form or waiver.

However, in 2006, we piloted online enrollment and implemented it for all employees in 2007. It is no longer an option for an employee to not enroll or to waive coverage. All full-time, standard employees must choose either the city's coverage or another group policy for coverage. Thus, the automatic enrollment is no longer necessary.

6. Why doesn't the city shop our benefits every year to search for the lowest cost?

If an employer is always shopping coverage, the carriers will stop offering bids. Two of the questions health insurance carriers ask before bidding on a group are: when the last time they went out to bid was; and why they are going out to bid now. Health insurance carriers are looking for long-term relationships. This way, when a group has a really bad year, the carrier can absorb most of the loss and retain the client. The risk of large losses is reduced with a longer relationship. An employer has much greater bargaining power with a carrier with which they have a strong relationship. Both parties are invested in a win-win outcome.

Last Updated on Friday, 19 August 2011